


Tennessee Department of Labor and Workforce Development

Divisional Instructions-Policies

 11-20-17

Tennessee Department of Labor & Workforce Development will utilize the following policies and procedures in the development and approval of all purchase of service agreements, other than grants which will go through F&A. The purpose of the policies and procedures is to ensure quality services, reasonable cost, planning, solicitations, procurement methods, contract award and compliance with all applicable federal and state statutes, rules and regulations.

Our objective of centralizing contracts within the department is to standardize our procedures to insure we are constructing contracts correctly, we are efficient and we are cost effective.

Procurement Process -

Procurement is a systematic process of obtaining goods and services with pricing and on terms and conditions in the State's best interests. Competition should be involved in the procurement process to the maximum extent practicable, with the caveat that a non-competitive process (e.g., informal solicitations, emergency purchases, sole source, etc.) is sometimes necessary, depending on the circumstances. The procedures set forth in this section shall apply to all procurement of goods or services, irrespective of procurement method involved.

- All procurement professionals are expected to follow the Central Procurements Office's Business Conduct and Ethics Policy and Procedures.
- Procurement professionals are encouraged to use competitive methods whenever practicable.

All agreements may be renewed at the discretion of the Department or Labor and with approvals from Central Procurement Office and sometimes also the Tennessee Comptroller of the Treasury Office.

The Procurement Commission has approved the following small and informal purchase authorities as follows:

- Small Purchase Authorization approval by all members of the procurement commission \$.01 - \$10,000.00.
- Informal Solicitation Authorization approval by all members of the procurement commission \$10,000.01 - \$50,000.00.

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A. Due Diligence performed by procurement professionals must be documented for small purchases for Department of Labor's policy from \$5,000.00 - \$10,000.00.

- Three (3) quotes including the quote from the vendor you want to use, is preferred. If there is an instance where you cannot get a quote, we will accept benchmarking from websites offering very close to what you need. These have to be documented and justified to be able to use this function. Benchmarking of pricing, ensuring that terms, conditions and pricing are in the state's best interests, etc.
- Performing integrity diligence within Edison and BBB to insure the company is reputable, prior to engaging in any business activity. Please provide a print out of the BBB search.

B. For Informal Solicitations, at least three vendors should be solicited and price, availability, delivery, etc., should be requested. A signed and dated confirmation of quotes, is required for all procurements exceeding \$10,000.00 for Department of Labor (fax or email confirmation is acceptable as written confirmation of quotes of informal purchases not exceeding \$50,000.00 for State Agencies procuring under a Delegated Purchase Authority).

Contract Procurement Methods -

Generally the procurement methods to be used include the following:

- Informal Solicitations
- Invitation to Bid
- Request for Proposals
- Emergency Purchases
- Competitive Negotiations
- Sole Source
- Request for Information
- Request for Qualification

Scope of Work and Specifications -

The scope of work is a very important part of the procurement process as it forms the basic framework for the resulting contract. The scope of work is a detailed description of what is required of the contracting party to satisfactorily perform what is required under the contract. The success or failure of procurement and the resulting contract can usually be linked to the

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adequacy of the planning, analysis and thoroughness of the scope of work. It is very important that the scope of work achieve the following:

- Secure the best economic advantage to the State;
- Be clearly defined;
- Be contractually sound;
- Be unbiased and non-prejudicial toward respondents;
- Encourage innovative solutions to the requirements described, if appropriate; and
- Allow for free and open competition to the maximum extent reasonably practicable under the circumstances.

Sole Source – (Written justification is required.)

A sole source procurement is one where only one vendor possesses the unique and singularly available capability to meet the requirement of the solicitation, such as technical qualifications, ability to deliver at a particular time, or services from a public utility or a situation where a particular supplier or person is identified as the only qualified source available to the requisitioning authority. A sole source procurement must be approved by the Labor Contract Specialist and the justification for awarding a sole source contract must be in writing. While not an exhaustive list, other justifications for sole source procurements include:

- Only one company has the good or service that will meet the State's needs and a suitable/comparable alternative does not exist;
- Compatibility of existing equipment or products is at issue;
- The good or service is covered by one or more patents or copyrights;
- Continuity of results is absolutely dependent upon the specific good or service;
- The supplier possesses exclusive capabilities for the good or service at issue that are not obtainable from similar suppliers;
- An unusual or compelling urgency exists; or
- State users have extensive training or experience and use of similar goods or services would require significant reorientation and training.

Agreements—

A written agreement between a provider and the Department of Labor, describing the services to be performed, the terms and conditions agreed to by the parties, the cost of service, and how payment will be made will not be signed until the contract is approved.

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The Department will develop an agreement when:

- The Department has determined the need to purchase services exists because the services from the provider exceed the \$10,000.00 threshold or will be a recurring purchase of more than three times.
- The services to be purchased are not offered by another vendor.
- Purchases must be in compliance with the intended purposes for the federal and state funding source, in accordance with all governing statutes, rules and regulations, and have been approved as part of the Departments financial allocation plan.

Contract Contact:

All contract request(s) will go through the Tennessee Department of Labor's Contract Specialist. All request(s) for contracts will be entered in Zendesk portal, under the Procurement tab, under the Contract tab.

All requests must have attached the **Contract Processing Worksheet** which contains the following type information.

1. Contracting Agency
2. What type of Contract will be needed?
 - a. No Cost
 - b. Revenue
 - c. Sole Source
 - d. Proprietary
 - e. Competitive Negotiation
3. Who is Requesting the Contract? (Department and the contact information for that Department)
4. Speedchart number for billing of the goods or services under the contract.
5. Term of the Contract
6. Name and Address of the Contractor and information for Point of Contact.
7. Cost

Additional items that may be attached include any endorsements or sole source information.

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PROCUREMENT METHODS AND THRESHOLDS QUICK REFERENCE

Procurement Method	Use
Small Purchases	All procurements \$10,000.00 or below are considered to be small purchases. Agencies are encouraged to use competitive procurement methods when possible and document all purchases from \$5,000.00 - \$10,000.00. * TNDLWD requires 3 quotes for any purchase from \$5,000.00 and above. * The appropriate Terms and Conditions must be used for all small purchases.
Informal Purchases	All procurements \$10,000.00 - \$50,000.00 are considered to be informal purchases. It is still best practice to create an event for purchases above \$25,000.00. State agencies are required to solicit quotes or proposals for at least three suppliers. A non-responder is not counted as part of the three quotes. Terms and Conditions and pricing should be in the best interest of the state. All procurement activity should be documented in the procurement file. The appropriate Terms and Conditions must be used for all small purchases.
Invitation to Bid (ITB)	This form of solicitation is required for purchases above the \$50,000.00 threshold. All competitive procurements at this threshold are required to be processed in Edison. Through the event the solicitation coordinator will send out an Invitation to Bid. It may be necessary to create an ITB below the \$50,000.00 threshold. Note: this is cost based only to determine the bid winner.
Request for Proposals (RFP)	This is a written solicitation for written proposals to provide goods or service to the State. This type of solicitation should be created in accordance with the RFP templates that are provided. This method allows a team of evaluators to score factors separately from cost and therefore, is not awarded on cost only.
Emergency Purchases	This is a purchase that occurs when there is a serious and unexpected situation that poses an immediate risk to health, life, property or environment. Competitive procurements should be whenever practical.
Competitive Negotiation	This is an alternative procurement method that is requested using the Competitive Negotiation Request and facilitated using the corresponding Solicitation Model. This solicitation method can be requested by the agency.
Sole Source	This type of procurement is made when only one supplier possesses the goods or service needed. Prior approvals must be sought before making this type of purchase above \$10,000.00, including: a detailed justification, a Special Contract Request, and a letter from the supplier. A letter from the supplier is only necessary when the supplier's exclusive rights are the basis for the procurement.

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Procurement Method	Use
Proprietary	This type of procurement is made when competition is limited because the goods or service needed is limited to a certain provider. Prior approvals must be sought before making this type of purchase above \$10,000.00, including a detailed justification, a Special Contract Request and a letter from the supplier confirming that they are the only source.
Reverse Auction	The purpose of this type of procurement is to allow for maximum competition among qualified respondents, to obtain the highest level of quality and the lowest price of goods. Refer to section 6.6.2. Criteria for Use of the Procurement Procedures Manual for usage of this process.
Request for Information (RFI)	This is a solicitation sent to a broad base of potential suppliers for the purpose of developing strategy, building a database, or preparing for a Request for Proposals, Request for Qualifications or Invitation to Bid. This type of solicitation is primarily used to establish a pre-response conference. It is recommended when a contract exceeds a value of \$100,000.00 a year or when feedback is needed. The solicitation coordinator's discretion is used when determining to use a Request for Information. The updated model is both applicable to goods and services procurement.
Request for Qualifications (RFQ)	This is a written solicitation containing a list of qualifications that must be met before a supplier may propose a response to a Request for Proposal. These responses should be provided in written form. Only the CPO is authorized to utilize a Request for Qualifications.
Fiscal Review Procurement Manual	<p>Certain contracts, or amendments to certain contracts, must be filed with the CPO, Office of the Comptroller, and the Fiscal Review Committee of the General Assembly for review. This includes, but is not limited to, the following:</p> <ul style="list-style-type: none"> • All proposed non-competitive contracts with a terms of greater than one (1) year or containing a provision authorizing a contract renewal beyond one (1) year, and having a cumulative value of \$250,000.00 or more; • Any amendment to a contract described above, whether originally procured competitively or non-competitively which; <ol style="list-style-type: none"> 1. Increases or decreases funding; 2. Extends or shortens the contract term; 3. Changes in the entity or name of the entity with which the State is contracting; or <p>4. Otherwise changes an original or amended contract in a substantive manner.</p>

**** These thresholds are applicable for the life of the purchase and should not be artificially divided to fall within a certain threshold.**

****If goods or services are NOT available from an existing Statewide Contract or Agency Term Contract, PRIOR approval from the Chief Procurement Officer at CPO through Labor's Contract Specialist MUST be obtained.**